

**U.S. Department of the Interior
Bureau of Land Management
Kremmling Field Office
P O Box 68
Kremmling, CO 80459**

DETERMINATION OF NEPA ADEQUACY (DNA)

NUMBER: DOI-BLM-LLCON02000-2014-31-DNA

CASEFILE/PROJECT NUMBER: COC62063

PROJECT NAME: EE3 Application for Permit to Drill (APD) Spicer-Frontier 3-32H

LEGAL DESCRIPTION: T. 7 N., R. 80 W., Sec.32; 6th P.M.

APPLICANT: EE3, LLC.

ISSUES AND CONCERNS: The Proposed Action would be located in habitat occupied by Greater sage-grouse, a candidate for listing under the Endangered Species Act (ESA) and BLM designated sensitive species. While sage-grouse occupy the project area on a yearlong basis, the area is especially important as nesting and brood rearing for sage-grouse. Two sage-grouse breeding complexes (i.e. referred to as leks) are located at 2.1 and 3.4 miles from the Spicer-Frontier 3-32H well. The sagebrush habitat adjoining the lek provides hiding and nesting cover for sage-grouse during the breeding season. Consultation with Colorado Parks and Wildlife indicate that because the well would be co-located on an existing well pad, adjacent to Colorado Hwy. 14, new impacts to Greater sage-grouse would be negligible and limited, if any. Conditions of Approval (COAs) and mitigation measures are included as appropriate.

DESCRIPTION OF PROPOSED ACTION: EE3, LLC (EE3) has submitted an application for permit to drill (APD) one well, Spicer-Frontier 3-32H on an existing well pad (Spicer 3-32H). Approval of the Spicer 3-32H APD was originally issued in 2008 in environmental assessment (EA) CO-120-08-42-EA to EOG Resources, INC. (EOG). EOG constructed and built the well pad and access road in 2008, but never drilled the well. EE3 has since purchased all of EOG's leases in North Park.

In 2013, EE3 refiled the Spicer 3-32H APD. Approval, including conditions of approval (COAs, see Attachment 1) was granted to EE3 for drilling operations to commence in June 2014. The Spicer-Frontier 3-32H APD, submitted in March 2014, would be collocated with the Spicer 3-32H well, and be drilled immediately after the Spicer 3-32H.

No additional construction or surface disturbance off the pad is required to drill the well. No additional infrastructure, roads, or pipelines would be required to drill and produce the proposed well. All drilling fluids would be contained in a closed-loop system. Produced fluids would be

disposed of in accordance with COGCC rules, and would either be trucked off-site to an approved disposal facility or injected in an approved Water Disposal Well.

Decision to be Made: The decision to be made is whether to approve or deny EE3's APD the Spicer-Frontier 3-32H well.

PLAN CONFORMANCE REVIEW: The Proposed Action is subject to and has been reviewed for conformance with (43 CFR 1610.5, BLM 1617.3):
The Proposed Action is subject to the following plan:

Name of Plan: Kremmling Resource Management Plan, Record of Decision (ROD)

Date Approved: December 19, 1984 (Updated June 1999), and as amended by Record of Decision on December 5, 1991 as described in the Colorado Oil and Gas Leasing and Development Final Environmental Impact Statement (O&G EIS).

Decision Number/Page: ROD (map 3, p. 14)

Decision Language: To facilitate orderly, economic and environmentally sound exploration and development of oil and gas resources using balanced multiple-use management (ROD, p.11). Important wildlife habitat would be protected with the use of no surface occupancy, timing limitations or controlled surface use stipulations and /or lease notices on oil and gas leases, and conditions of approval (COA) on permits (ROD, p. 3).

REVIEW OF EXISTING NEPA DOCUMENTS: List by name and date all existing NEPA documents that cover the Proposed Action.

Name of Document: CO-120-08-42-EA EOG Resources Applications for Permits to Drill (APDs)

Date Approved: 7/3/08

NEPA ADEQUACY CRITERIA:

1. Is the new Proposed Action a feature of, or essentially similar to, an alternative analyzed in the existing NEPA document? Is the project within the same analysis area, or if the project location is different, are the geographic and resource conditions sufficiently similar to those analyzed in the existing NEPA document? If there are differences, can you explain why they are not substantial?

Yes. The Proposed Action and location of the project is the same as analyzed in the existing NEPA document. All impacts are essentially the same as previously analyzed. The only difference is that two wells would be located at this location and no new surface disturbance outside of the original proposed access route and well location would be required, since the well pad and access road have already been built.

2. Is the range of alternatives analyzed in the existing NEPA document appropriate with respect to the new Proposed Action, given current environmental concerns, interests, and resource values?

Yes. Two alternatives (Proposed Action and No Action Alternative) were analyzed in EA # CO-120-08-42-EA EOG Resources Applications for Permits to Drill (APDs). No reasons were identified to analyze additional alternatives and these alternatives are considered to be adequate and valid for the Proposed Action.

3. Is the existing analysis valid in light of any new information or circumstances (such as, rangeland health standard assessment, recent endangered species listings, updated lists of BLM-sensitive species)? Can you reasonably conclude that new information and new circumstances would not substantially change the analysis of the new Proposed Action?

Yes. The existing analysis is valid; there is no new information or circumstances that would invalidate the existing analysis. The COAs and mitigation measures are still appropriate and are included in this DNA.

4. Are the direct, indirect, and cumulative effects that would result from implementation of the new Proposed Action similar (both quantitatively and qualitatively) to those analyzed in the existing NEPA document?

Yes. The direct, indirect, and cumulative effects that would result from implementation of the new Proposed Action are similar to those analyzed in the existing NEPA document. The only difference is that there would be two wells on the location rather than one. Impacts would be the same as originally identified and would be limited to the previously permitted, already existing, access road and well site location.

5. Is the public involvement and interagency review associated with existing NEPA documents adequate for the current Proposed Action?

Yes. The APD was reviewed by Colorado Parks and Wildlife, with no issues brought forward and has been posted on the Kremmling public room NEPA notification board since March 2014.

INTERDISCIPLINARY REVIEW:

The Proposed Action was presented to, and reviewed by, the Kremmling Field Office interdisciplinary team on May 9, 2014. A complete list of resource specialists who participated in this review is available upon request from the Kremmling Field Office. The table below lists resource specialists who provided additional remarks concerning cultural resources and special status species.

Name	Title	Resource	Date
Bill Wyatt	Archaeologist	Cultural Resources, Native American Religious Concerns	6/13/2014
Darren Long	Wildlife Biologist	Special Status Wildlife Species	05/27/2014

Paula Belcher	Hydrologist	Hydrology, Soils and Air	05/27/2014
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REMARKS:

Cultural Resources: A Class III cultural resource inventory of the proposed action was recorded in BLM report #CR-08-16. The project is a **no effect**, there are **no historic properties** affected.

Native American Religious Concerns: Tribal consultation was initiated on May 9, 2008, and to date, no Native American tribe has identified any area of traditional cultural concern.

Threatened and Endangered Wildlife and Plant Species: None

MITIGATION: If EE3's drilling activity does not occur in the planned timeframe (June-October 2014), they must consult with the BLM to discuss potential sage-grouse issues.

COMPLIANCE PLAN: On-going compliance inspections and monitoring would be conducted by the BLM Kremmling Field Office staff during and after construction. Specific mitigation developed in this document would be followed. The operator would be notified of compliance related issues in writing, and depending on the nature of the issue(s), will be provided 30 days to resolve such issues.

NAME OF PREPARER: Kelly Hodgson-Elliott

NAME OF ENVIRONMENTAL COORDINATOR: Susan Cassel

CONCLUSION

Based on the review documented above, I conclude that this proposal conforms to applicable land use plan and that the NEPA documentation fully covers the Proposed Action and constitutes BLM's compliance with the requirements of the NEPA.

SIGNATURE OF AUTHORIZED OFFICIAL: ___/s/ Susan Cassel_____
Acting Field Manager

DATE SIGNED: 6/16/2014

ATTACHMENTS: 1). Standard Conditions of Approval

Note: The signed Conclusion in this DNA Worksheet is part of an interim step in the BLM's internal decision process and does not constitute an appealable decision. However, the lease, permit, or other authorization based on this DNA is subject to protest or appeal under 43 CFR Part 4 and the program-specific regulations.

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DECISION RECORD

PROJECT NAME: EE3 Application for Permit to Drill (APD) Spicer-Frontier 3-32H

NUMBER: DOI-BLM-LLCON02000-2014-31-DNA

DECISION: It is my decision to implement the Proposed Action, as mitigated in DOI-BLM-LLCON02000-2014-31-DNA, authorizing the Application for Permit to Drill the Spicer-Frontier 3-32H well on the existing Spicer 3-32H well pad location.

Mitigation Measures: If EE3's drilling activity does not occur in the planned timeframe (June-October 2014), they must consult with the BLM to discuss potential sage-grouse issues.

COMPLIANCE WITH LAWS & CONFORMANCE WITH THE LAND USE PLAN

This decision is in compliance with the Federal Land Management and Policy Act, the Endangered Species Act, and the National Historic Preservation Act. It is also in conformance with the December 19, 1984; Updated February 1999 Kremmling Resource Management Plan (RMP).

PUBLIC INVOLVEMENT: The DNA will be available for a formal 30-day public comment period when posted on the Kremmling Field Office's internet website.

RATIONALE: Based on information in the DNA, the project record, and consultation with my staff, I have decided to approve EE3's Application for Permit to Drill (APD) the Spicer-Frontier 3-32H well as described in the DNA. The project is not expected to adversely impact any resources with the Conditions of Approval, stipulations and monitoring measures required by the Permit.

ADMINISTRATIVE REMEDIES

Administrative remedies may be available to those who believe they will be adversely affected by this decision. Appeals may be made to the Office of Hearings and Appeals, Office of the Secretary, U.S. Department of Interior, Board of Land Appeals (Board) in strict compliance with the regulations in 43 CFR Part 4. Notices of appeal must be filed in this office within 30 days after publication of this decision. If a notice of appeal does not include a statement of reasons, such statement must be filed with this office and the Board within 30 days after the notice of appeal is filed. The notice of appeal and any statement of reasons, written arguments, or briefs must also be served upon the Regional Solicitor, Rocky Mountain Region, U.S. Department of Interior, 755 Parfet Street, Suite 151, Lakewood, CO 80215.

The effective date of this decision (and the date initiating the appeal period) will be the date this notice of decision is posted on BLM's (Kremmling Field Office) internet website.

SIGNATURE OF AUTHORIZED OFFICIAL: /s/ Susan Cassel_____
Acting Field Manager

DATE SIGNED: 6/16/2014

Attachment #1

**CONDITIONS OF APPROVAL FOR APPLICATIONS FOR PERMIT TO DRILL
(APDs)**

Operator: EE3, Inc.

The Bureau of Land Management, Kremmling Field Office, address and telephone contacts are:

Address:	1116 Park Av., Kremmling, CO, 80459
Office Phone:	(970) 724-3000 Fax: (970) 724-3066
Natural Resource Specialist:	Kelly Elliott, Office Phone (970) 724-3015

The Bureau of Land Management, Little Snake Field Office, address and telephone contacts are:

Address:	455 Emerson Street. Craig, CO, 81625
Office Phone:	(970) 826-5000 Fax: (970) 826-5022
Petroleum Engineer:	Bob Hartman, Office Phone (970) 244-3041
Assistant Field Manager	Tim Wilson Office Phone (970) 826-5099

All lease and/or unit operations are to be conducted in such a manner to ensure full compliance with the applicable laws, regulations (43 CFR Part 3160), Onshore Oil and Gas Orders No. 1, 2, 3, 4, 5, 6 and 7, Notice to Lessees, and the approved plan of operations. Approval of this application does not relieve you of your responsibility to obtain other required federal, state, or local permits. A copy of the approved Form 3160-3 and the pertinent drilling plan, along with any advisory narratives and conditions of approval, shall be available at the drillsite to authorized representatives at all times. The operator is considered fully responsible for the actions of his subcontractors.

Your review and appeal rights are contained in 43 CFR 3165.3 and 3165.4.

CONDITIONS OF APPROVAL

STANDARD CONDITIONS

1. The Kremmling Field Office and the Little Snake Field Office (970) 826-5000 will be given 48-hour notification prior to commencing construction and/or reclamation work.
2. Notify Little Snake Field Office at (970) 826-5000 at least **48-hours** in advance to witness running and cementing of surface casing and testing of the BOPE.
3. The notice of spud will be reported orally to the Little Snake Field Office at (970) 826-5000 at least **48-hours** after spudding. This notice shall include spud date, time, details of spud (hole, casing, cement, etc.), API well number, and date the rotary rig was moved on location. If the spudding occurs on a weekend or holiday, wait until the following regular workday to make this report. The oral notice shall be followed by written notification within 5 working days.
4. No hazardous materials, hazardous wastes, or trash will be disposed of on public lands or on private surface overlying the oil and gas lease. If a release does occur, it will be reported to the Kremmling Field Office immediately at (970) 724-3000.
5. The wellsite disturbance area will be brush cleared and topsoil salvaged before any excavation or fill commences.
6. All survey stakes representing the leveled drill pad, the crest of excavations, the toe of embankments, the reserve pit, and the access road will be in place prior to construction. Staking shall include the well location, two 200-foot directional reference stakes, the exterior dimensions of the drill pad, reserve pit and other areas of

surface disturbance, cuts and fills, and centerline flagging of new roads with road flagging being visible from one to the next.

7. Construction activities will not be allowed to commence if the topsoil cannot be separated from the subsoil during adverse environmental conditions (i.e. when soils are frozen or muddy).
8. Surface disturbance and vehicular travel will be limited to the approved location and approved access route. Any additional area needed will be approved in advance.
9. Drainage for runoff water will be provided to divert runoff water away from the reserve pit, cut and fill portions of the well location and the topsoil stockpile. Runoff water that concentrates and forms rills on the well location will be diverted and/or dispersed to prevent erosion of the fill slopes. Any ditches designed to provide runoff drainage will be constructed on a minimal grade and will release water onto undisturbed ground without causing accelerated erosion. The operator will take additional measures if erosion is occurring within the runoff water drainage system.
10. If fossils are discovered during construction or other operations, all activity in the area will cease and the Field Office Manager will be notified immediately. An assessment of significance will be made within an agreed timeframe. Operations will resume only upon written notification by the Authorized Officer.

STANDARD STIPULATIONS

11. If cultural or paleontological resources are discovered during exploration operations under this license, the licensee shall immediately notify the Field Officer Manager and shall not disturb such discovered resources until the Field Officer Manager issues specific instructions.
 - a. Within 5 working days after notification, the Field Office Manager shall evaluate any cultural resources discovered and shall determine whether any action may be required to protect or to preserve such discoveries.
 - b. The cost of data recovery for cultural resources discovered during exploration operations shall be borne by the licensee, if the licensee is ordered to take any protective measures. Ownership of cultural resources discovered shall be determined in accordance with applicable law.
 - c. The operator is responsible for informing all persons who are associated with the operations that they will be subject to prosecution for knowingly disturbing historic or archaeological sites, or for collecting artifacts. If historic or archaeological materials are encountered or uncovered during any project activities, the operator is to immediately stop activities in the immediate vicinity of the find and immediately contact the Authorized Officer at (970) 724-3000. Within five working days the Authorized Officer will inform the operator as to:
 1. Whether the materials appear eligible for the National Register of Historic Places;
 2. The mitigation measures the operator will likely have to undertake before the identified area can be used for project activities again and,
 - d. If the operator wishes, at any time, to relocate activities to avoid the expense of mitigation and/or the delays associated with this process, the Authorized Officer will assume responsibility for whatever recordation, and stabilization of the exposed materials may be required. Otherwise, the operator will be responsible for mitigation costs. The Authorized Officer will provide technical and procedural guidelines for the conduct of mitigation. Upon verification from the Authorized Officer that the required mitigation has been completed, the operator will then be allowed to resume construction.
 - e. Pursuant to 43 CFR 10.4(g) (Federal Register Notice: Monday December 4, 1995, Vol 60, No. 232) the holder of this authorization must notify the Authorized Officer, by telephone (970) 724- 3000, with written confirmation, immediately upon the discovery of human remains, funerary items, sacred objects, or objects

of cultural patrimony. Further, pursuant to 43 CFR 10.4(c) and (d), you must stop activities in the vicinity of the discovery and protect it for 30 days or until notified to proceed by the Authorized Officer.

12. The reserve pit will be designed to exclude runoff water and maintain a 2-foot freeboard between the maximum fluid level and the lowest point of containment. The reserve pit will not be used for disposal of any materials or fluids, except for materials or fluids specifically addressed in the drilling program or having a subsurface origin. If oil or oily substance is in the reserve pit, it must be removed within 30 days after the drilling rig is removed. Netting will be installed if oily substance is present in the reserve pit.
13. The perimeter of the reserve pit and production pits, if any, will be fenced with woven wire with 2 strands of barbed wire, properly spaced, on the top and all held in place by side posts and corner H-braces to inhibit entry by livestock and wildlife. The fence will be maintained until backfilling or removal of facilities occurs.
14. In the event downhole operations threaten to exceed the required 2-foot freeboard, regarding reserve pit fluids, immediate notification will be provided to the Authorized Officer with concurrent steps taken to minimize the introduction of additional fluids, until alternative containment methods can be approved.
15. Reserve pit fluids will be allowed to evaporate through one entire summer season (May-September) after drilling is completed, unless an alternative method of disposal is approved. After the fluids evaporate, the reserve pit mud will be allowed to dry sufficiently to allow backfilling. The backfilling of the reserve pit will be completed within 30 days after dry conditions exist and will meet the following minimum requirements:
 - a. Backfilling will be done in such a manner that the mud and associated solids will be confined to the pit and not squeezed out and incorporated in the surface materials.
 - b. There will be a minimum of 5 feet of cover, or return to approximate original contour on the pit.
 - c. When the work is completed, the pit areas will support the weight of heavy equipment without sinking and over time shall not subside over 6-inch depth.
16. If installed, production facilities will be located on cut portions of the existing drill pad.
17. In the event production is established, all land surfaces that are to remain free of vegetation (roads and well location) will be monitored for and protected from wind erosion; dry powdery soil will be treated to minimize wind erosion.
18. Prior approval is required to remove reserve pit fluids from the reserve pit; a request of this type will need to include the destination of the fluids and if the destination is not a State approved facility, the request will include State approval of the destination. Fluids may be moved to another reserve pit within the same field with verbal approval of the authorized officer.
19. All pits, cellars, rat holes and other bore holes unnecessary for further lease operations, excluding the reserve pit, will be backfilled immediately after the drilling rig is released. Pits, cellars and/or bore holes that remain on location must be fenced as specified for the reserve pit in the applicant's Surface Use Plan.
20. In the event a producing well is established, all new production equipment which has open-vent exhaust systems will be constructed in such a way to prevent the entry and perching of birds and bats.
21. All permanent structures (on-site for six months or longer) constructed or installed (including oil well pumpjacks) will be painted a flat, non-reflective, earthtone color to match the standard environmental colors, as determined by the Rocky Mountain Five-State Interagency Committee. All facilities will be painted within six months of installation. Facilities required to comply with OSHA (Occupational Safety and Health Act) will be excluded.
22. Surface facilities should appear to blend in to the existing landscape to the greatest possible extent. Facilities should not be located on ridgelines or extend above them. Facilities should be minimal in size (or located underground) and colored and texture to blend in with the surroundings.

23. A containment berm must be installed around all storage tanks, including temporary tanks. Compaction and construction of the berm surrounding the tank or tank battery will be designed to prevent lateral movement of fluids through the utilized materials, prior to storage of fluids. The berm must be constructed to contain at minimum 110 percent of the storage capacity of the largest tank within the berm. All loading lines will be placed inside the berm.
24. Control of noxious weeds will be required through successful vegetation establishment and/or herbicide application. It is the responsibility of the lease operator to insure compliance with all local, state, and federal laws and regulations, as well as labeling directions specific to the use of any given herbicide.

RECLAMATION PERFORMANCE STANDARDS

25. The lessee is required to use the reclamation practices necessary to reclaim all disturbed areas. Reclamation will ensure surface and subsurface stability, growth of a self-regenerating permanent vegetative cover and compatibility with post land use. The vegetation will be diverse and of the same seasonal growth as adjoining vegetation. Post land use will be determined by the Authorized Officer but normally will be the same as adjoining uses.

Reclamation practices which must be applied or accomplished are: re-grading to the approximate original contour, effectively controlling noxious weeds, separating, storing and protecting topsoil for redistribution during final abandonment, seeding and controlling erosion. If topsoil is not present, or quantities are insufficient to achieve reclamation goals, a suitable plant growth media will be separated, stored and protected for later use. Reclamation will begin with the salvaging of topsoil and continue until the required standards are met. Topsoil that is stored for 1 year or longer will be seeded with naturally occurring species to retain topsoil vigor. If use of the disturbed area is for a short time (less than one year), practices which ensure stability will be used as necessary during the project, and reclamation, with the exception of vegetative establishment, will be completed within one year. If use of the area is for greater than one year, interim reclamation is required on the unused areas. Interim reclamation of the unused areas will begin immediately upon completion of the permanent facility(s).

For both short and long term projects vegetative establishment will be monitored annually. If the desired vegetation is not established by the end of the second growing season, practices necessary for establishment will be implemented prior to the beginning of the next growing season. Interim reclamation, unless otherwise approved, will require meeting the same standards as final abandonment with the exception of original contour.

Annual reports consisting of reclamation practices completed and the effectiveness of the reclamation will be provided to the Kremmling Field Office. The first report will be due in January following initiation of reclamation practices and annually thereafter until final abandonment is approved.

There are numerous reclamation practices and techniques that increase the success rate of reclamation and stabilization. With the exception of those stated above, it is the lessee's prerogative to use those they choose to accomplish the objective. Additional site specific mitigations may be specified and required. However, it is recommended that state-of-the-art reclamation, stabilization, and management practices be used to achieve the desired objective in a timely and cost-effective manner.

The following definitions and measurements will be used to accomplish and determine if reclamation has been achieved:

Permanent vegetative cover will be accomplished if the basal cover of perennial species, adapted to the area, is at least ninety (90) percent of the basal cover of the undisturbed vegetation of adjoining land or the potential basal cover as defined in adjacent undisturbed areas.

Diversity will be accomplished if at least two (2) perennial genera and three (3) perennial species that are adapted to the area make up the basal cover of the reclaimed area in precipitation zones thirteen (13) inches or less. One species will not make up more than fifty (50) percent of the perennial vegetation by basal cover.

Self-regeneration and adaptation to the area will be evident if the plant community is in good vigor, there is evidence of successful reproduction, and the species are those commonly found in the area.

Surface stability will be accomplished if soil movement as measured by deposits around obstacles, depths of truncated areas, and height of pedestalling, is not greater than three tenths (0.3) of an inch and if erosion channels (rills, gullies, etc.) are less than one (1) inch in depth and at intervals greater than ten (10) feet.

If this standard is not met by the end of the second growing season, two alternatives exist depending on the severity of the erosion:

If erosion were greater than two (2) times the allowable amount, corrective action would have to be taken by the responsible company at that time;

If erosion is less than or equal to two (2) times the allowable amount, and it is determined the erosion occurred during vegetative establishment and the site may become stable, no corrective action would be required at that time. Another measurement would be performed a year later to determine if stability standards had been met. If the original measurements have not increased by more than the allowed standard, the standard would be considered met. However, if the increase were greater than the allowed standard, corrective action would be required.

Subsurface stability (mass wasting event) is of concern if disturbance has included excavation over four (4) feet in depth and greater than 10,000 square feet in area on slopes thirty five (35) percent and greater, or on any erosion-prone slope. When these conditions occur, length of liability for reclamation and final abandonment will continue for ten (10) years following re-contouring to original contour or for such time that climatic patterns provide two (2) consecutive years in which measurable precipitation totals at least 120 percent of average from October 1 through September 30, as measured by data averaged from nearby regional weather stations. The Authorized Officer may waive this stipulation, or portions of it. Such waiver will be documented and justified when not applicable, or when objectives are accomplished through another method.

SITE SPECIFIC CONDITIONS

- If the Surface Use Plan, submitted to the Kremmling Field Office as part of the applications, is altered, the authorized officer must be contacted.

REGULATORY REMINDERS

- A. This permit is valid for a period of one year from the date of approval. Any requests for extensions must be submitted prior to the end of the one-year period. If the permit terminates, any surface disturbance created under the permit must be rehabilitated in accordance with the approved plan within 90 days of termination, unless otherwise approved by the Authorized Officer. An expired permit may be reinstated at the Authorized Officer's discretion; however, future operations may require a new application be filed for approval.
- B. All drilling operations, unless otherwise specifically approved in the APD, must be conducted in accordance with Onshore Oil and Gas Order No. 2; Drilling Operations.
- C. All 7-Day Requirement responses are made part of this APD.
- D. There shall be no deviation from the proposed drilling and/or workover program as approved, without prior approval from the Kremmling and Little Snake Field Offices. Safe drilling and operating practices must be observed.
- E. Approval of this application does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease, which would entitle the applicant to conduct operations thereon.

- F. No location will be constructed or moved, no well will be plugged, and no drilling or workover equipment will be removed from a well to be placed in a suspended status without prior approval of the Kremmling and Little Snake Field Offices. If operations are to be suspended for more than 30 days, prior approval for certain well operations must be obtained and notification given before resumption of operations in accordance with 43 CFR 3162.3-2 and 3162.3-4.
- G. In the case of newly drilled dry holes or failures, and in emergency situations, oral approval for subsurface abandonment operations may be granted by the Little Snake Field Office. Oral approvals must be confirmed in writing (Notice of Intention to Abandon (Form 3160-5)) within 15 days. Unless the plugging is to take place immediately upon receipt of oral approval, the appropriate resource area must be notified at least 48 hours in advance of the plugging of the well, in order to provide a representative the opportunity to witness plugging operations.
- H. Whether the well is completed as a dry hole or as a producer, "Well Completion and Recompletion Report and Log" (Form 3160-4) must be submitted not later than 30 days after completion of the well or after completion of operations being performed, in accordance with Onshore Oil and Gas Order No. 1. Daily drilling reports, a copy of all logs, core descriptions, core analyses, well-test data, geologic summaries, sample descriptions, and all other surveys or data obtained and compiled during the drilling, workover, and/or completion operations (with Form 3160-4) will be filed and sent to the Little Snake Field Office, 455 Emerson Street, Craig, Colorado 81625. Samples (cuttings, fluid, and/or gas) will be submitted only when requested by the Authorized Officer.
- I. Section 102 (b) (3) of the Federal Oil and Gas Royalty Management Act of 1982, as implemented by the applicable provisions of the operating regulations at Title 43 CFR 3162.4-1 (c), requires that "not later than the fifth business day after any well begins production on which royalty is due anywhere on a least site or allocated to a lease site, or resumes production in the case of a well which has been off production for more than 90 days, the operator shall notify the authorized officer by letter or sundry notice, Form 3160-5, or orally to be followed by a letter or sundry notice, or the date on which such production has begun or resumed."

The date on which a well commences production, or resumes production after having been off production for more than 90 days is to be construed as follows:

1. For an oil well, the date on which liquid hydrocarbons are first sold or shipped from a temporary storage facility, such as a test tank or the date on which liquid hydrocarbons are first produced into a permanent storage facility, whichever occurs first;
2. For a gas well, that date on which gas is first measured through sales metering facilities or the date on which associated liquid hydrocarbons are first sold or shipped from a temporary storage facility, whichever occurs first. For purposes of this provision, a gas well shall not be considered to have been off production unless it is incapable of production.

If you fail to comply with this requirement in the manner and time allowed, you shall be liable for a civil penalty of up to \$10,000 per violation for each day such violation continues, not to exceed a maximum of 20 days. See Section 109(c) (3) of the Federal Oil and Gas Royalty Management Act of 1982 and the implementing regulations at Title 43 CFR 3163.2(e) (2).

- J. This APD is approved subject to the requirement that, should the well be successful (completed for production or recompleted for production in a new interval), the Little Snake Field Office must be notified when it is placed in a producing status. Such notification may be provided orally if confirmed in writing, and must be received in the Little Snake Field Office by not later than the 5th business day following the date on which the well is placed on production. The notification shall provide, as a minimum, the following information items:
 1. Operator name
 2. Well name, number, and location
 3. Date well was placed on production
 4. The lease, or communitized tract, or unit participating area to which the well's production is attributable.

- K. A separate Monthly Report of Operations, Form 3160-6, shall be submitted for each lease, unit participating area, or communitization agreement, beginning with the month in which drilling operation commence, in accordance with 43 CFR 3162.4-3. This report shall be sent to Minerals Management Service, Production Accounting Division, P.O. Box 17110, Denver, Colorado 80217.
- L. If at any time the facilities located on public lands authorized by the terms of the lease are no longer included in the lease (due to contraction in the unit or other lease or unit boundary change) the BLM will process a change in authorization to the appropriate statute. The authorization will be subject to appropriate rental or other financial obligation determined by the Authorized Officer.
- M. All produced liquids must be contained, including the dehydrator vent/condensate line effluent. All production pits must be bermed and fenced.
- N. Gas produced from this well may not be vented or flared beyond an initial, authorized test period of 30 days or 50 MMCF following completion, whichever comes first, without the prior written approval of the authorized officer. Should gas be vented or flared without approval beyond the authorized test period, you may be directed to shut the well in until the gas can be captured or approval to continue venting or flaring is granted and you may be required to compensate the lessor for that portion of the gas that was vented or flared without approval which is determined to have been avoidably lost.
- O. Produced water from newly completed wells may be temporarily disposed of into the reserve pit for a period of up to 90 days. During the 90-day periods, an application for approval of a permanent disposal method and location will be submitted according to Onshore Order No. 7 for approval.
- P. A schematic facilities diagram as required by CFR 43, Part 3162.7-5, shall be submitted to the Little Snake Field Office within 60 days of installation or first production, whichever occurs first. All site security regulations as specified in Onshore Order No. 3 shall be adhered to. All product lines entering and leaving hydrocarbon storage tanks will be effectively sealed in accordance with 3162.7-5(b).
- Q. The permit holder is required to use certified weed free hay, straw and mulch on BLM lands in Colorado should the use or storage of hay, straw or mulch be necessary. Any person who knowingly and willfully violates this regulation may be subject to a fine of not more than \$1,000 or imprisonment of not more than 12 months, or both as defined in 43 USC 1733(a).

Seed Mix

Drill Seeding Rate

<u>SEED NAME</u>	<u>APPLICATION RATE</u> <u>PLS/ACRE</u>	<u>SEEDS/SQ. FT.</u>
<i>Grasses</i>		
Western wheatgrass	2.97	7.5
Pascopyrum smithii, variety. Arriba		
Thickspike Wheatgrass	2.13	7.5
Elymus lanceolatus var. Critana		
Bluebunch wheatgrass	2.51	7.5
Pseudoroegneria spicata, var. Secar (Alternate var. Goldar)		
Sheep fescue	.62	7.5
Festuca ovina, var. Covar		
TOTAL	8.23	30
 <i>Forbes</i>		
Alfalfa var. Ladak	.73	3.5
Big sagebrush	.06	3.5
TOTAL	.79	7

Recommended seed mix for pls at drill rate, double seed rate if broadcasting.

- Big sagebrush and Alfalfa may be seeded when it would be better for success
- Broadcast seeds at twice the rate

(Seed tags must be submitted to BLM after seeding.)

*** do not seed prior to October 1, to avoid sprouting.**

MULCH

Native Hay or Straw 2,000 lbs. X acres =

- Mulch is optional but it will help reclamation results.
- Must be Certified Noxious Weed Free